Clarification of employment evidence presented by Karl Wingfield on behalf of The Harpenden Society

Please see the attached spreadsheet (last page) which sets out the passengers in millions of passengers per annum (mppa) and employment numbers at the airport from the Annual Monitoring Reports (AMR) for the period 2010 to 2021 (please note the employment figures for 2010 to 2013 come from the 2013 AMR).

The spreadsheet also shows how Andrew Hunt calculated his figures for the growth in employment per 1mppa increase in passengers.

The first calculation of 660 employees per 1mppa, as outlined in para 6.12 of Andrew Hunt's proof, is the average of the five years (working back from 2019's) average number of employees per 1mppa for each year.

This calculation does not reflect the fact that the airport, as a large infrastructure project, will require a fairly fixed number of employees (the "threshold level of employment") to service a growing number of passengers. These employees should not be included in a calculation of incremental growth where there is no infrastructure change. We regard the 8,100-8,500 employees shown for the five years (2010-2014) prior to the five years referred to above to be a threshold level of employment (which supports around 10mppa). Strictly, any infrastructure change employees for the 2014 planning permission have already been employed and so should not be included again but it is extremely difficult to assess how many of these there are.

The second calculation (the "economies of scale" calculation) as outlined in para 6.13 of Andrew Hunt's proof looks at the difference between 2019 and 2018's employment and passenger numbers. The outcome is 571.4 employees per 1mppa (the difference between this and Andrew Hunt's figure of 565 will be due to rounding of numbers). If you'd compared 2018 and 2017's employment and passenger numbers the same equation results in 250 employees per 1mppa. The steadily reducing average number of employees over time suggests economies of scale are a constant and increase as passenger numbers grow. As the alternative calculation shows, looking at one year in isolation is misleading. Please note the comments above apply to this calculation too.

The third calculation (my calculation) recognises that the relatively stable number of employees between 2010-2014 (where the airport was coming out of recession) recognises that an employment threshold was reached (i.e. there was little additional employment despite growth) so I looked at growth in employment and passengers in the period since end 2013 to produce an alterative base for assessing incremental growth in employment from this expansion, where no new infrastructure is required (although arguably there will have been a small increase in infrastructure employment as there were some infrastructure changes between 2013 and now I haven't investigated this as I think it's small and all it would do is reduce the calculated result anyway). The result is 337.3 employees per 1mppa (which I rounded to 300 in my statement today).

The figure I quoted for Oxford Economics is calculated from data it produced for the DCO which is included in their report CD16.02 Appendix 11.1 Economic Impact Report Oxford Economics_Dec 2021.pdf. The relevant table is reproduced below (it is on page 4 of the report):

Fig. 1. Current and future economic impact of London Luton Airport

	2019	2027	2039	2043
Passengers (millions)	18	21.5	27	32
GDP (£ millions, 2019 prices)				
Direct impact	789	925	1,236	1,532
Total impact (Luton Borough)	831	973	1,297	1,606
Total impact (Three Counties)	1,091	1,276	1,696	2,092
Total impact (Six Counties)	1,267	1,483	1,973	2,430
Total impact (UK)	1,776	2,081	2,767	3,399
Employment (headcount)				
Direct impact	10,900	11,800	13,400	15,400
Total impact (Luton Borough)	11,800	12,700	14,400	16,600
Total impact (Three Counties)	16,500	17,800	20,100	23,100
Total impact (Six Counties)	19,900	21,400	24,200	27,900
Total impact (UK)	28,400	30,800	35,100	40,500

As you can see between 2019 and 2027 growth in direct employment (which is more or less equivalent to the AMR figures – there's a difference of 300 between this report and the AMR for 2019) is 900 (11,800-10,900) and the increase in passengers 3.5 mppa (21.5-18.0 mppa).

Dividing one into the other comes out at employment of 257 per 1mppa.

The natural conclusion from this analysis is that a reasonable calculated number of additional employment for 1mppa growth is around 300.

However, my view is that the circumstances that we are in presently, just coming out of a pandemic which has seen employment fall, and with a recession looming, new employment at Luton Airport is not going to be a calculated number for 1mppa growth.

LLAOL will be cautious about adding new roles and should be able to identify the specific roles and numbers of people required to fill them (the "granular" basis I referred to earlier today). This can then be compared to the number in 2019 in each role as a reasonableness check.

I trust explains my statement this afternoon but I'm happy to answer any questions.

Airport employment												
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Source of employment numbers (AMR = Annual Monitoring Report)	AMR 2013	AMR 2013	AMR 2013	AMR 2013	AMR 2014	AMR 2015	AMR 2016	AMR 2017	AMR 2018	AMR 2019	AMR 2020	AMR 2021
Source of passenger numbers	AMR 2010	AMR 2011	AMR 2012	AMR 2013	AMR 2014	ESA4	ESA4	ESA4	ESA4	ESA4	ESA4	ESA4
Passengers (mppa)	8.8	9.5	9.6	9.7	10.5	12.3	14.6	15.8	16.6	18.0	5.5	4.7
Employment	8,200	8,100	8,200	8,400	8,500	9,500	9,300	10,200	10,400	11,200	11,200	10,600
Average number of employees per 1mppa	931.8	852.6	854.2	866.0	809.5	772.4	637.0	645.6	626.5	622.2	2,036.4	2,255.3
Additional employees annually		(100.0)	100.0	200.0	100.0	1,000.0	(200.0)	900.0	200.0	800.0	0.0	(600.0)
Andrew Hunt calculation of last five years average (working backwards from 2019)	= sum of 2015-2019 average number of employees per 1mppa i.e. (772.4+637.0+645.6+626.5+622.2)									660.7		
Andrew Hunt calculation of "economies of scale" average comparing 2019 to 2018 only	= sum of increase in employment 2019-2018 i.e. 11,200-10,400 divided by difference in passenger numbers 2019-2018 i.e. 18.0-16.6									571.4		
KW calculation of employment gains per 1mppa for 2014 planning permission using 2013 as the "springboard" year i.e. the year before development	=sum of increase in employment 2019-2013 i.e. 11,200-8,400 divided by difference in passenger numbers 2019-2013 i.e. 18.0-9.7									337.3		